

Commercial Practices Success Story

E-3 SPARES SUPPORT

Program Executive Officer: Brig Gen Reiter
Contractor: Boeing Commercial Airplane Group
Contracting Officer: Lowell Weger OC-ALC/LADBC
Buyer: Lt Cathy Blacklock OC-ALC/LADBC

Program Description

Logistics support of the E-3 aircraft, both FMS and domestic, by supplying spare parts for depot maintenance. Parts for the E-3 are primarily Boeing 707 airframe items.

How Commercial Practices Made a Difference

By using commercial practices versus the past Government methods, OC-ALC is able to have spares at the repair site faster, which means the depot maintenance lines are more efficient and inventory levels are dramatically reduced, so planes are back in the air sooner. A Basic Ordering Agreement (BOA) has been established for Boeing commercial spares for use on the E-3 aircraft. Application of a General Terms Agreement (GTA) on the BOA, along with the new commercial practices defined in FASA, permitted the elimination of many past Government requirements and permitted the Air Force to capitalize on commercial practices. Due to these Government requirements, all spares orders had to go through the Boeing Military Defense Group because Boeing's commercial group did not meet the military requirements. Prior to consummating the BOA, Boeing had to ship spares to their Military Airplane division in Wichita, KS in order to have the parts packaged to meet MilSpec requirements prior to delivery to the Air Force. Just the elimination of these MilSpec packaging requirements alone saves thirty days or more per transaction. Another advantage of the BOA is that by using commercial spares, OC-ALC is able to take advantage of commercial, catalog pricing which makes price justifications easy.

The commercial agreement maximized use of the Boeing Commercial aircraft parts inventory and their computerized ordering system. OC-ALC can now, on-line, check availability off the shelf and then place the order, if funds are available, instantly. The spare part is shipped the next day via the method requested by OC-ALC, with priority shipping available for urgent situations. Other areas which have been streamlined include: customer inspection and acceptance which eliminates the extra DD 250 step and commercial warranty.

Bottom Line: OC-ALC and Boeing increased the efficiency and accuracy of the spare parts pipeline due to the improved on-line ordering system (doing it **better**), reduced the average delivery time from 79 days to 18 (doing it **faster**), and Boeing administrative/overhead costs which were incurred when buying through their Defense group were reduced from \$500,000 to \$0 and the Air Force 5-year spare parts acquisition costs potentially reduced from \$42.3M to \$11.3M (doing it **cheaper**).

Published by the Assistant Secretary of the Air Force (Acquisition) as of 1 Jun 96.

For more on Air Force Acquisition, try our homepage at <http://www.safaq.hq.af.mil>.